

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

Financial Results

The unaudited financial results of the Group for the first quarter of 2012 are enclosed.

Dividends***Ordinary share dividend***

No dividend on ordinary shares has been declared for the first quarter of 2012.

Preference share dividends

On 15 March 2012, a semi-annual dividend at an annual rate of 5.796% totalling USD14 million (1Q11: USD14 million) was paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by the Bank's wholly-owned subsidiary, UOB Cayman I Limited.

On 15 March 2012, a semi-annual one-tier tax-exempt dividend of 5.05% per annum totalling S\$33 million (1Q11: S\$33 million) was paid on the Bank's S\$1.32 billion Class E non-cumulative non-convertible preference shares.

Interested Person Transactions

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first quarter of 2012 to be false or misleading.

BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED

Mrs Vivien Chan
Secretary

Dated this 9th day of May 2012

The results are also available at uobgroup.com



Group Financial Report

For the First Quarter 2012

United Overseas Bank Limited
Incorporated in the Republic of Singapore
Company Registration Number: 193500026Z

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Notes:

- 1 The financial statements are presented in Singapore dollars.
- 2 Certain comparative figures have been restated to conform with the current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".
"NM" denotes not meaningful.

Financial Highlights

	1Q12	4Q11	+ / (-) %	1Q11	+ / (-) %
Summarised income statement (\$m)					
Net interest income	998	978	2.1	871	14.6
Fee and commission income	362	327	10.8	330	9.5
Other non-interest income	268	173	54.8	221	21.5
Total income	1,629	1,478	10.2	1,423	14.5
Less: Total expenses	676	625	8.2	583	15.9
Operating profit	953	853	11.7	840	13.5
Less: Amortisation/impairment charges	106	228	(53.4)	105	0.8
Add: Share of profit of associates	18	0	>100.0	25	(28.6)
Less: Tax and non-controlling interests	177	67	>100.0	148	19.6
Net profit after tax ¹	688	558	23.3	612	12.4
Financial indicators					
Non-interest income/Total income (%)	38.7	33.8	4.9% pt	38.7	-
Overseas profit before tax contribution (%)	34.6	36.2	(1.6)% pt	33.2	1.4% pt
Earnings per ordinary share (\$) ^{2,3}					
Basic	1.64	1.39	18.0	1.52	7.9
Diluted	1.64	1.39	18.0	1.52	7.9
Return on average ordinary shareholders' equity (%) ^{2,3}	12.1	10.7	1.4% pt	12.0	0.1% pt
Return on average total assets (%) ³	1.18	0.98	0.20% pt	1.15	0.03% pt
Net interest margin (%) ³	1.98	1.95	0.03% pt	1.90	0.08% pt
Expense/Income ratio (%)	41.5	42.3	(0.8)% pt	41.0	0.5% pt
Loan charge off rate (bp) ³					
Exclude collective impairment	26	23	3bp	11	15bp
Include collective impairment	30	30	-	31	(1)bp

Notes:

1 Refer to profit attributable to equity holders of the Bank.

2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.

3 Computed on an annualised basis.

Financial Highlights (cont'd)

	Mar-12	Dec-11	+ / (-) %	Mar-11	+ / (-) %
Financial indicators					
Customer loans (net) (\$m)	144,878	141,191	2.6	120,176	20.6
Customer deposits (\$m)	168,495	169,460	(0.6)	146,574	15.0
Loans/Deposits ratio (%) ¹	86.0	83.3	2.7% pt	82.1	3.9% pt
NPL ratio (%) ²	1.4	1.4	-	1.6	(0.2)% pt
Total assets (\$m)	234,837	236,958	(0.9)	219,970	6.8
Shareholders' equity (\$m) ³	23,773	22,967	3.5	22,114	7.5
Net asset value ("NAV") per ordinary share (\$) ⁴	13.74	13.23	3.9	12.94	6.2
Revalued NAV per ordinary share (\$) ⁴	15.81	15.28	3.5	14.77	7.0
Capital adequacy ratios (%)					
Core Tier 1	12.3	11.9	0.4% pt	13.0	(0.7)% pt
Tier 1	13.9	13.5	0.4% pt	14.9	(1.0)% pt
Total	17.1	16.7	0.4% pt	19.2	(2.1)% pt

Notes:

- 1 Refer to net customer loans and customer deposits.
- 2 Refer to non-performing loans as a percentage of gross customer loans.
- 3 Refer to equity attributable to equity holders of the Bank.
- 4 Preference shares are excluded from the computation.

Performance Review

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in the Monetary Authority of Singapore ("MAS") Notice 612 Credit Files, Grading and Provisioning.

The amended FRS applicable to the Group with effect from 1 January 2012 are listed below. The adoption of these FRS has no significant impact on the financial statements of the Group.

- Amendments to FRS12 Deferred Tax – Recovery of Underlying Assets
- Amendments to FRS107 Disclosures – Transfers of Financial Assets

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the first quarter 2012 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2011.

First quarter 2012 ("1Q12") versus fourth quarter 2011 ("4Q11")

The Group registered a net profit of \$688 million for the quarter, 23.3% higher compared to 4Q11. Operating profit rose 11.7% to \$953 million, while impairment charges were lower at \$104 million.

Net interest income increased 2.1% to reach a new quarter high of \$998 million as assets volume continued to expand and interest margin improved further. Net interest margin increased 3 basis points to 1.98% in 1Q12 mainly due to loans yield increasing faster than the increase in cost of funds.

Non-interest income rose 26.1% to \$630 million due to higher fee and commission income as well as trading and investment income. Fee and commission income increased 10.8% to \$362 million, contributed by loan-related activities, wealth management products and corporate finance activities. Trading and investment income was \$203 million mainly due to gains from sale of investments.

Total operating expenses rose 8.2% to \$676 million. Higher staff costs were mainly due to increased investment in talent across Singapore and the regional countries. Revenue-related expenses were also higher, attributed to increased business volumes. Expense-to-income ratio improved 0.8% point to 41.5% with higher income growth.

Total impairment charges for 1Q12 were \$104 million mainly for individual impairment on loans. Total loans charge off rate remained at 30 basis points, same as in 4Q11. Non-performing loans ("NPL") coverage improved to 136.6% while NPL ratio stayed at 1.4%.

Net customer loans grew 2.6% for the quarter to reach \$144.9 billion as at 31 March 2012. The increase was registered mainly in Singapore and Malaysia.

The Group's funding position remained strong. Loans-to-deposits ratio as at end March was 86.0%, 2.7% points higher than 4Q11. Customer deposits were stable at \$168.5 billion as at 31 March 2012. During the quarter, US\$750 million fixed rate senior notes were raised to further improve the funding position.

Shareholders' equity increased 3.5% to \$23.8 billion as at 31 March 2012, largely due to higher retained earnings and unrealised gain from the available-for-sale investment portfolio.

Core Tier 1, Tier 1 and total capital ratios as at 31 March 2012 were 12.3%, 13.9% and 17.1% respectively. These ratios were higher against 4Q11, largely attributed to higher retained earnings.

First quarter 2012 ("1Q12") versus first quarter 2011 ("1Q11")

Compared with 1Q11, net profit increased 12.4% to \$688 million on stronger operating profit which grew 13.5% to \$953 million.

Net interest income grew 14.6% to \$998 million contributed by strong loans growth. Net interest margin increased 8 basis points to 1.98% with improved assets mix geared towards higher-yielding loans.

Non-interest income increased 14.3% to \$630 million. Fee and commission income rose 9.5% to \$362 million, with increases registered across most business areas in Singapore and the regional countries. Trading and investment income increased to \$203 million from \$165 million in 1Q11.

Total operating expenses rose 15.9% mainly on increased staff costs as well as higher revenue-related expenses. Expense-to-income ratio increased 0.5% point to 41.5%.

Total impairment charges was at 1Q11 level. Total loans charge off rate improved 1 basis point to 30 basis points. NPL ratio was lower by 0.2% point while NPL coverage was higher at 136.6%.

Net customer loans rose 20.6% to \$144.9 billion across geographies and industries. Loans from the regional countries increased 27.8%, while loans growth in Singapore was 18.8%.

Customer deposits grew 15.0% from a year ago to reach \$168.5 billion across territories. Loans-to-deposits ratio was 3.9% points higher at 86.0% as at 31 March 2012.

Shareholders' equity rose 7.5% to \$23.8 billion mainly contributed by higher retained earnings and the issuance of ordinary shares in June 2011 pursuant to the scrip dividend scheme.

The capital adequacy ratios were lower compared to a year ago, largely due to higher risk-weighted assets.

Net Interest Income

Net interest margin

	1Q12			4Q11			1Q11		
	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate	Average balance	Average Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Interest bearing assets									
Customer loans	141,364	1,233	3.51	139,052	1,183	3.38	114,221	982	3.49
Interbank balances	30,767	134	1.75	30,927	144	1.85	34,128	121	1.43
Securities	30,755	189	2.47	28,612	193	2.68	37,777	201	2.16
Total	202,887	1,557	3.09	198,591	1,521	3.04	186,126	1,304	2.84
Interest bearing liabilities									
Customer deposits	165,332	458	1.11	160,446	433	1.07	143,502	327	0.92
Interbank balances/others	32,143	100	1.25	32,612	110	1.34	38,224	105	1.12
Total	197,475	558	1.14	193,057	543	1.12	181,726	432	0.96
Net interest margin¹			1.98			1.95			1.90

Volume and rate analysis

	1Q12 vs 4Q11			1Q12 vs 1Q11		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	20	47	67	233	8	241
Interbank balances	(1)	(7)	(8)	(12)	24	13
Securities	14	(16)	(1)	(37)	24	(14)
Total	33	24	57	184	56	240
Interest expense						
Customer deposits	13	19	32	50	77	127
Interbank balances/others	(1)	(7)	(8)	(7)	1	(6)
Total	12	11	23	42	79	121
Change in number of days	-	-	(14)	-	-	8
Net interest income	22	13	20	142	(23)	127

Net interest income increased 2.1% over 4Q11 to reach a new quarter high of \$998 million as assets volume continued to expand and interest margin improved further. Net interest margin increased 3 basis points to 1.98% in 1Q12 mainly due to loans yield increasing faster than the increase in cost of funds.

Compared to 1Q11, net interest income increased 14.6% to \$998 million mainly contributed by strong loans growth. Net interest margin improved 8 basis points to 1.98% with improved assets mix geared towards higher-yielding loans.

Note:

¹ Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

Non-Interest Income

	1Q12	4Q11	+/(-)	1Q11	+/(-)
	\$m	\$m	%	\$m	%
Fee and commission income					
Credit card	55	63	(12.3)	50	10.6
Fund management	30	22	37.3	27	12.1
Investment-related	67	51	30.3	49	35.9
Loan-related	104	81	28.8	105	(1.0)
Service charges	25	31	(18.9)	24	2.8
Trade-related	64	65	(1.6)	59	7.4
Others	18	15	20.1	16	8.7
	362	327	10.8	330	9.5
Other non-interest income					
Dividend income	9	5	69.9	3	>100.0
Rental income	27	29	(4.2)	28	(3.4)
Trading income/(loss)	49	34	43.6	32	51.2
Non-trading income/(loss)					
Financial instruments at fair value through profit or loss	(2)	49	(>100.0)	85	(>100.0)
Available-for-sale assets and others	157	6	>100.0	48	>100.0
	203	89	>100.0	165	23.1
Other income	29	50	(41.8)	25	16.7
Other operating income	232	139	66.3	190	22.2
	268	173	54.8	221	21.5
Total	630	500	26.1	551	14.3

Total non-interest income rose 26.1% quarter-on-quarter to \$630 million due to higher fee and commission income as well as trading and investment income.

Fee and commission income increased 10.8% to \$362 million, contributed by loan-related activities, wealth management products and corporate finance activities. Credit card income was lower due to the higher card volume for the year-end festive season in 4Q11.

Trading and investment income was \$203 million mainly due to gains from sale of investments.

Compared to 1Q11, total non-interest income increased 14.3% to \$630 million. Fee and commission income rose 9.5% to \$362 million, with increases registered across most business areas in Singapore and the regional countries. Trading and investment income increased to \$203 million from \$165 million in 1Q11.

Operating Expenses

	1Q12	4Q11	+ / (-)	1Q11	+ / (-)
	\$m	\$m	%	\$m	%
Staff costs	382	350	9.2	339	12.9
Other operating expenses					
Revenue-related	158	122	29.3	119	32.8
Occupancy-related	65	66	(1.6)	57	14.1
IT-related	43	41	3.1	37	16.1
Others	28	45	(38.7)	32	(12.7)
	293	275	6.8	244	20.1
Total	676	625	8.2	583	15.9
Of which, depreciation of assets	30	30	0.7	32	(6.2)
Manpower (number)	23,312	23,136	176	22,287	1,025

Total operating expenses rose 8.2% to \$676 million in the quarter. Higher staff costs were mainly due to increased investment in talent across Singapore and the regional countries. Revenue-related expenses were also higher, attributed to increased business volumes. Expense-to-income ratio improved 0.8% point to 41.5% with higher income growth.

Compared to a year ago, total operating expenses rose 15.9% mainly on increased staff costs as well as higher revenue-related expenses. Expense-to-income ratio increased 0.5% point to 41.5%.

Impairment Charges

	1Q12	4Q11	+ / (-)	1Q11	+ / (-)
	\$m	\$m	%	\$m	%
Individual impairment on loans ¹					
Singapore	35	(14)	>100.0	18	93.0
Malaysia	16	1	>100.0	(3)	>100.0
Thailand	10	15	(35.0)	6	50.8
Indonesia	(0)	8	(>100.0)	8	(>100.0)
Greater China ²	1	3	(63.8)	(0)	>100.0
Others	33	68	(51.6)	4	>100.0
	95	81	18.2	34	>100.0
Individual impairment on securities and others	(7)	53	(>100.0)	9	(>100.0)
Collective impairment	16	92	(83.1)	60	(73.9)
Total	104	225	(54.0)	103	0.9

Total impairment charges for 1Q12 was \$104 million, mainly due to individual impairment on loans. Total loans charge off rate stayed at 30 basis points, while non-performing loans ratio was unchanged at 1.4%.

Compared to 1Q11, total impairment charges was at the same level. Individual impairment on loans was lower while higher collective impairment was set aside in 1Q11.

Notes:

1 Based on the location where the non-performing loans are booked.

2 Comprise China, Hong Kong and Taiwan.

Customer Loans

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
Gross customer loans	147,707	143,943	122,851
Less: Individual impairment	835	770	866
Collective impairment	1,993	1,982	1,809
Net customer loans	144,878	141,191	120,176
By industry			
Transport, storage and communication	7,617	7,041	7,119
Building and construction	18,339	17,515	13,180
Manufacturing	11,575	11,336	8,606
Financial institutions	23,337	23,966	20,063
General commerce	17,316	17,597	16,542
Professionals and private individuals	19,443	18,629	15,374
Housing loans	41,962	40,615	35,141
Others	8,116	7,244	6,828
Total (gross)	147,707	143,943	122,851
By currency			
Singapore dollar	81,636	78,557	70,244
US dollar	19,374	19,791	15,277
Malaysian ringgit	19,937	18,832	15,437
Thai baht	7,394	7,530	6,781
Indonesian rupiah	4,370	4,488	3,465
Others	14,995	14,743	11,647
Total (gross)	147,707	143,943	122,851
By maturity			
Within 1 year	50,332	50,384	47,274
Over 1 year but within 3 years	24,526	23,170	19,614
Over 3 years but within 5 years	20,828	20,484	15,156
Over 5 years	52,021	49,904	40,808
Total (gross)	147,707	143,943	122,851
By geography ¹			
Singapore	95,230	92,268	80,153
Malaysia	21,762	20,712	16,495
Thailand	7,653	7,818	7,064
Indonesia	5,538	5,765	4,417
Greater China	8,598	8,430	6,098
Others	8,926	8,949	8,624
Total (gross)	147,707	143,943	122,851

Net customer loans grew 2.6% for the quarter to reach \$144.9 billion as at 31 March 2012. The increase was registered mainly in Singapore and Malaysia.

Compared to the same period last year, net customer loans rose 20.6% across geographies and industries. Loans from the regional countries increased 27.8%, while loans growth in Singapore was 18.8%.

Note:

¹ Based on the location where the loans are booked.

Non-Performing Assets

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
Loans ("NPL")	2,071	2,020	2,002
Debt securities and others	423	560	497
Non-Performing Assets ("NPA")	2,494	2,580	2,499

By grading

Substandard	1,467	1,652	1,474
Doubtful	393	426	432
Loss	634	502	593
Total	2,494	2,580	2,499

By security coverage

Secured	954	998	973
Unsecured	1,540	1,582	1,526
Total	2,494	2,580	2,499

By ageing

Current	377	605	400
Within 90 days	138	190	348
Over 90 to 180 days	225	141	217
Over 180 days	1,754	1,644	1,534
Total	2,494	2,580	2,499

Cumulative impairment

Individual	1,086	1,049	1,104
Collective	2,170	2,158	1,945
Total	3,256	3,207	3,049
As a % of NPA	130.6%	124.3%	122.0%
As a % of unsecured NPA	211.4%	202.7%	199.8%

	NPL	NPL		NPL	NPL	
	\$m	ratio		\$m	ratio	
	\$m	%		\$m	%	
NPL by industry						
Transport, storage and communication	553	7.3		534	7.6	412
Building and construction	118	0.6		108	0.6	120
Manufacturing	454	3.9		401	3.5	535
Financial institutions	159	0.7		194	0.8	187
General commerce	259	1.5		259	1.5	290
Professionals and private individuals	141	0.7		144	0.8	180
Housing loans	241	0.6		228	0.6	225
Others	146	1.8		152	2.1	53
Total	2,071	1.4		2,020	1.4	2,002

Non-Performing Assets (cont'd)

	NPL \$m	NPL ratio %	Total cumulative impairment	
			as a % of NPL %	as a % of unsecured NPL %
NPL by geography ¹				
Singapore				
Mar 12	721	0.8	248.3	494.5
Dec 11	714	0.8	250.1	542.9
Mar 11	816	1.0	225.5	377.0
Malaysia				
Mar 12	370	1.7	115.7	339.7
Dec 11	346	1.7	114.7	336.4
Mar 11	355	2.2	103.1	283.7
Thailand				
Mar 12	315	4.1	85.1	144.1
Dec 11	309	4.0	81.9	141.3
Mar 11	311	4.4	75.2	137.6
Indonesia				
Mar 12	83	1.5	84.3	1,400.0
Dec 11	83	1.4	83.1	1,150.0
Mar 11	106	2.4	55.7	842.9
Greater China				
Mar 12	32	0.4	209.4	209.4
Dec 11	31	0.4	222.6	222.6
Mar 11	60	1.0	105.0	196.9
Others				
Mar 12	550	6.2	37.3	41.0
Dec 11	537	6.0	33.1	36.3
Mar 11	354	4.1	31.9	36.3
Group NPL				
Mar 12	2,071	1.4	136.6	233.5
Dec 11	2,020	1.4	136.2	238.5
Mar 11	2,002	1.6	133.6	235.3

Group NPL increased \$51 million from last quarter to \$2,071 million as at 31 March 2012. Group NPL ratio remained at 1.4%. Impairment coverage against NPL was higher at 136.6%.

Note:

¹ Based on the location where the non-performing loans are booked.

Customer Deposits

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
By product			
Fixed deposits	89,408	95,168	79,313
Savings deposits	40,840	39,945	36,667
Current accounts	28,951	27,993	26,658
Others	9,296	6,355	3,937
Total	168,495	169,460	146,574
By maturity			
Within 1 year	162,881	162,887	143,608
Over 1 year but within 3 years	4,387	5,185	1,523
Over 3 years but within 5 years	960	1,126	1,238
Over 5 years	267	263	204
Total	168,495	169,460	146,574
By currency			
Singapore dollar	94,522	95,720	87,780
US dollar	21,656	19,818	18,047
Malaysian ringgit	22,214	20,890	16,495
Thai baht	6,205	6,874	5,716
Indonesian rupiah	4,191	4,774	3,554
Others	19,707	21,384	14,981
Total	168,495	169,460	146,574
Loans/Deposits ratio (%)	86.0	83.3	82.1

Customer deposits were stable at \$168.5 billion as at 31 March 2012. Against the same period last year, customer deposits rose 15.0% to reach \$168.5 billion across territories.

Debts Issued

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
Subordinated debts			
Due after one year (unsecured)	4,980	5,084	5,293
Other debts issued			
Due within one year (unsecured)	4,222	5,118	1,129
Due after one year (unsecured)	2,661	1,584	250
	6,884	6,702	1,379
Total	11,864	11,786	6,672

To further improve the Group's funding position, US\$750 million fixed rate senior notes were raised during the quarter.

Shareholders' Equity

	<u>Mar-12</u>	Dec-11	<u>Mar-11</u>
	\$m	\$m	\$m
Shareholders' equity	23,773	22,967	22,114
Add: Revaluation surplus	3,254	3,225	2,828
Shareholders' equity including revaluation surplus	<u>27,027</u>	<u>26,192</u>	<u>24,942</u>

Shareholders' equity increased 3.5% over last quarter to \$23.8 billion as at 31 March 2012, largely due to higher retained earnings and unrealised gain from the available-for-sale investment portfolio.

Compared to a year ago, shareholders' equity rose 7.5% mainly contributed by higher retained earnings and the issuance of ordinary shares in June 2011 pursuant to the scrip dividend scheme.

As at 31 March 2012, revaluation surplus of \$3.3 billion on the Group's properties was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares	
	<u>1Q12</u>	1Q11
	'000	'000
Ordinary shares		
Balance at beginning/end of period	1,590,494	1,560,139
Treasury shares		
Balance at beginning of period	(16,570)	(17,515)
Share buyback - held in treasury	(684)	-
Issue of shares under share-based compensation plans	88	12
Balance at end of period	<u>(17,167)</u>	<u>(17,503)</u>
Ordinary shares net of treasury shares	<u>1,573,327</u>	<u>1,542,637</u>
Preference shares		
Class E non-cumulative non-convertible preference shares at beginning/end of period	<u>13,200</u>	<u>13,200</u>

Performance by Operating Segment

The Group is organized to be segment-led across key markets. Global segment heads are responsible for driving business, with decision-making balanced with a geographical perspective. For internal management purposes, the following segments represent the key customer segments and product groups:

Group Retail ("GR")

GR segment covers Consumer, Privilege, Business and Private Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management, and restricted products such as structured notes, funds of hedge funds, and insurance plans to the wealthy and affluent customers. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

Segment profit increased 10.9% to \$264 million in 1Q12. Higher net interest income and fee and commission income were partly negated by higher business volume-related costs and impairment charges.

Group Wholesale ("GW")

GW segment encompasses Commercial Banking, Corporate Banking, Financial Institutions Group ("FIG"), Corporate Finance and Debt Capital Markets. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies, and FIG serves financial institutions. Commercial Banking, Corporate Banking and FIG provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance provides services that include lead managing and underwriting equity offerings and corporate advisory services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues.

Segment profit grew 12.6% to \$428 million in 1Q12, with increases registered in net interest income as well as loan-related and trade-related fee income driven by strong loans growth. This was partly negated by higher impairment charges.

Global Markets and Investment Management ("GMIM")

GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds.

Segment profit increased 1.2% to \$175 million in 1Q12, mainly attributed to higher income from trading and interest rate management activities, partly offset by increased operating expenses from higher business volumes.

Others

Others include property-related activities, insurance businesses and income and expenses not attributable to other operating segments mentioned above.

The segment recorded a profit of \$26 million in 1Q12 compared to a loss of \$6 million in 1Q11. This was mainly due to gain from sale of investment securities and lower collective impairment, partly offset by higher operating expenses.

Performance by Operating Segment¹ (cont'd)

	GR	GW	GMIM	Others	Elimination ²	Total
	\$m	\$m	\$m	\$m	\$m	\$m
1Q12						
Operating income	621	616	316	182	(106)	1,629
Operating expenses	(330)	(118)	(140)	(166)	78	(676)
Impairment charges	(26)	(68)	(1)	(9)	-	(104)
Amortisation of intangible assets	(1)	(2)	-	-	-	(3)
Share of profit of associates	-	-	-	18	-	18
Profit before tax	264	428	175	26	(28)	865
Segment assets	67,547	86,536	77,242	3,872	(5,678)	229,519
Intangible assets	1,333	2,109	665	81	-	4,188
Investment in associates	-	-	19	1,111	-	1,130
Total assets	68,880	88,645	77,926	5,064	(5,678)	234,837
Segment liabilities	86,007	74,565	47,985	8,644	(6,323)	210,878
Other information						
Inter-segment operating income	82	(61)	(7)	92	(106)	-
Gross customer loans	67,166	80,177	301	63	-	147,707
Non-performing assets	485	1,799	108	102	-	2,494
Capital expenditure	6	1	1	48	-	56
Depreciation of assets	2	1	1	26	-	30
1Q11						
Operating income	563	521	300	131	(92)	1,423
Operating expenses	(309)	(111)	(126)	(104)	67	(583)
Impairment charges	(15)	(28)	(1)	(59)	-	(103)
Amortisation of intangible assets	(1)	(2)	-	-	-	(3)
Share of profit of associates	-	-	-	25	-	25
Profit before tax	238	380	173	(6)	(25)	760
Segment assets	55,373	70,809	88,361	5,156	(5,165)	214,534
Intangible assets	1,339	2,122	666	81	-	4,208
Investment in associates	-	-	20	1,208	-	1,228
Total assets	56,712	72,931	89,047	6,445	(5,165)	219,970
Segment liabilities	77,450	63,901	51,101	11,032	(5,809)	197,675
Other information						
Inter-segment operating income	67	(46)	(22)	93	(92)	-
Gross customer loans	55,109	67,402	274	66	-	122,851
Non-performing assets	530	1,652	193	124	-	2,499
Capital expenditure	2	1	1	28	-	32
Depreciation of assets	2	1	1	28	-	32

Notes:

1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

2 This includes joint income and expenses allocated to business segments in respect of cross-sell activities.

Performance by Geographical Segment¹

	1Q12	4Q11	1Q11
	\$m	\$m	\$m
Total operating income			
Singapore	948	809	866
Malaysia	217	217	190
Thailand	129	120	103
Indonesia	118	111	103
Greater China	111	102	64
Others	105	119	96
Total	1,629	1,478	1,423
Profit before tax			
Singapore	567	400	509
Malaysia	116	127	109
Thailand	27	(8)	19
Indonesia	47	40	35
Greater China	67	45	26
Others	44	24	64
	867	628	762
Intangible assets amortised	(3)	(3)	(3)
Total	865	625	760

The Group's operating income grew 10.2% in 1Q12 over the last quarter, contributed by Singapore and the regional countries. Singapore's higher operating income arose from higher trading and investment income, fee and commission income and net interest income. At the pre-tax profit level, Singapore increased 41.6% while the regional countries rose 25.9% quarter-on-quarter.

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
Total assets			
Singapore	145,048	144,739	145,098
Malaysia	30,706	29,308	23,604
Thailand	11,100	11,996	10,786
Indonesia	7,008	7,767	6,116
Greater China	18,656	19,133	13,432
Others	18,131	19,819	16,724
	230,649	232,762	215,762
Intangible assets	4,188	4,196	4,208
Total	234,837	236,958	219,970

Note:

¹ Based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.

Capital Adequacy Ratios

	Mar-12	Dec-11	Mar-11
	\$m	\$m	\$m
Tier 1 capital			
Share capital	3,095	3,104	2,537
Preference shares	2,149	2,149	2,149
Disclosed reserves/others	18,143	17,511	16,912
Deductions from Tier 1 capital	(4,763)	(4,750)	(4,773)
Eligible Tier 1 capital	18,624	18,014	16,825
Tier 2 capital			
Cumulative collective impairment/others	1,026	950	954
Subordinated notes	3,747	3,794	4,288
Deductions from Tier 2 capital	(410)	(421)	(432)
Eligible total capital	22,987	22,337	21,635
Risk-weighted assets ("RWA")	134,063	133,578	112,791
Capital adequacy ratios ("CAR")			
Core Tier 1	12.3%	11.9%	13.0%
Tier 1	13.9%	13.5%	14.9%
Total	17.1%	16.7%	19.2%

As at 31 March 2012, Group Tier 1 and Total CAR of 13.9% and 17.1% were well above the regulatory minimums of 6% and 10% respectively.

The higher CAR as against the previous quarter were largely attributed to higher retained earnings.

Compared to 31 March 2011, the ratios were lower as the increase in RWA outpaced the increase in retained earnings.

Consolidated Income Statement (Unaudited)

	1Q12	4Q11	+/(–)	1Q11	+/(–)
	\$m	\$m	%	\$m	%
Interest income	1,557	1,521	2.4	1,304	19.4
Less: Interest expense	558	543	2.9	432	29.1
Net interest income	998	978	2.1	871	14.6
Fee and commission income	362	327	10.8	330	9.5
Dividend income	9	5	69.9	3	>100.0
Rental income	27	29	(4.2)	28	(3.4)
Other operating income	232	139	66.3	190	22.2
Non-interest income	630	500	26.1	551	14.3
Total operating income	1,629	1,478	10.2	1,423	14.5
Less: Staff costs	382	350	9.2	339	12.9
Other operating expenses	293	275	6.8	244	20.1
Total operating expenses	676	625	8.2	583	15.9
Operating profit before charges	953	853	11.7	840	13.5
Less: Amortisation/impairment charges					
Intangible assets	3	3	(2.3)	3	(4.1)
Loans and other assets	104	225	(54.0)	103	0.9
Operating profit after charges	847	625	35.4	734	15.3
Share of profit of associates	18	0	>100.0	25	(28.6)
Profit before tax	865	625	38.3	760	13.8
Less: Tax	172	66	>100.0	143	20.3
Profit for the financial period	693	559	23.8	617	12.3
Attributable to:					
Equity holders of the Bank	688	558	23.3	612	12.4
Non-controlling interests	4	2	>100.0	5	(3.0)
	693	559	23.8	617	12.3

Consolidated Statement of Comprehensive Income (Unaudited)

	1Q12	4Q11	+/(-) %	1Q11	+/(-) %
	\$m	\$m		\$m	%
Profit for the financial period	693	559	23.8	617	12.3
Currency translation adjustments	(103)	(19)	(>100.0)	(33)	(>100.0)
Change in available-for-sale reserve					
Change in fair value	397	65	>100.0	112	>100.0
Transfer to income statement on disposal/impairment	(114)	133	(>100.0)	(17)	(>100.0)
Tax relating to available-for-sale reserve	(37)	(34)	(8.6)	3	(>100.0)
Change in share of other comprehensive income of associates	24	(8)	>100.0	(6)	>100.0
Other comprehensive income for the financial period, net of tax	168	137	22.4	59	>100.0
Total comprehensive income for the financial period, net of tax	860	696	23.5	676	27.3
Attributable to:					
Equity holders of the Bank	851	693	22.8	672	26.6
Non-controlling interests	9	3	>100.0	3	>100.0
	860	696	23.5	676	27.3

Consolidated Balance Sheet (Unaudited)

	Mar-12	Dec-11 ¹	Mar-11
	\$m	\$m	\$m
Equity			
Share capital	5,244	5,253	4,686
Retained earnings	9,145	8,499	8,256
Other reserves	9,384	9,215	9,172
Equity attributable to equity holders of the Bank	23,773	22,967	22,114
Non-controlling interests	185	177	181
Total	23,958	23,144	22,295
Liabilities			
Deposits and balances of banks	19,243	19,750	32,033
Deposits and balances of non-bank customers	168,495	169,460	146,574
Bills and drafts payable	1,546	1,730	1,767
Other liabilities	9,730	11,087	10,629
Debts issued	11,864	11,786	6,672
Total	210,878	213,814	197,675
Total equity and liabilities	234,837	236,958	219,970
Assets			
Cash, balances and placements with central banks	20,727	26,786	27,445
Singapore Government treasury bills and securities	8,021	9,710	11,961
Other government treasury bills and securities	15,061	8,253	14,181
Trading securities	230	271	179
Placements and balances with banks	15,594	18,770	12,280
Loans to non-bank customers	144,878	141,191	120,176
Investment securities	13,223	14,354	16,105
Other assets	9,595	10,157	10,065
Investment in associates	1,130	1,092	1,228
Investment properties	1,116	1,126	1,124
Fixed assets	1,074	1,050	1,018
Intangible assets	4,188	4,196	4,208
Total	234,837	236,958	219,970
Off-balance sheet items			
Contingent liabilities	17,154	15,821	17,457
Financial derivatives	358,979	351,224	324,459
Commitments	53,198	54,022	50,534
Net asset value per ordinary share (\$)	13.74	13.23	12.94

Note:

1 Audited.

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank				Non-controlling interests	Total equity
	Share capital	Retained earnings	Other reserves	Total		
	\$m	\$m	\$m	\$m		
Balance at 1 January 2012	5,253	8,499	9,215	22,967	177	23,144
Profit for the financial period	-	688	-	688	4	693
Other comprehensive income for the financial period	-	-	163	163	4	168
Total comprehensive income for the financial period	-	688	163	851	9	860
Transfers	-	1	(1)	-	-	-
Dividends	-	(42)	-	(42)	(1)	(43)
Share buyback - held in treasury	(11)	-	-	(11)	-	(11)
Share-based compensation	-	-	8	8	-	8
Issue of treasury shares under share-based compensation plans	2	-	(2)	-	-	-
Balance at 31 March 2012	5,244	9,145	9,384	23,773	185	23,958
Balance at 1 January 2011	4,685	7,687	9,101	21,473	180	21,654
Profit for the financial period	-	612	-	612	5	617
Other comprehensive income for the financial period	-	-	60	60	(1)	59
Total comprehensive income for the financial period	-	612	60	672	3	676
Change in non-controlling interests	-	-	0	0	(1)	(1)
Dividends	-	(42)	-	(42)	(1)	(43)
Share-based compensation	-	-	9	9	-	9
Increase in statutory reserves	-	-	1	1	-	1
Issue of treasury shares under share-based compensation plans	0	-	(0)	-	-	-
Balance at 31 March 2011	4,686	8,256	9,172	22,114	181	22,295

Consolidated Cash Flow Statement (Unaudited)

	1Q12	1Q11
	\$m	\$m
Cash flows from operating activities		
Operating profit before amortisation and impairment charges	953	840
Adjustments for:		
Depreciation of assets	30	32
Net (gain)/loss on disposal of assets	(171)	(63)
Share-based compensation	8	9
Operating profit before working capital changes	<u>820</u>	<u>818</u>
Increase/(decrease) in working capital		
Deposits and balances of banks	(507)	172
Deposits and balances of non-bank customers	(965)	4,275
Bills and drafts payable	(184)	478
Other liabilities	(1,416)	136
Restricted balances with central banks	(37)	(71)
Government treasury bills and securities	(5,062)	(1,736)
Trading securities	52	(27)
Investment securities	1,516	(53)
Placements and balances with banks	3,176	1,179
Loans to non-bank customers	(3,796)	(7,829)
Other assets	516	(935)
Cash used in operations	<u>(5,889)</u>	<u>(3,592)</u>
Income tax paid	(77)	(56)
Net cash used in operating activities	<u>(5,966)</u>	<u>(3,648)</u>
Cash flows from investing activities		
Net cash flow on disposal/(acquisition) of:		
Associates	-	(14)
Properties and other fixed assets	(44)	(29)
Dividends received from associates	1	-
Net cash used in investing activities	<u>(43)</u>	<u>(43)</u>
Cash flows from financing activities		
Increase in debts issued	78	409
Share buyback	(11)	-
Change in non-controlling interests	-	(1)
Dividends paid on preference shares	(51)	(51)
Dividends paid to non-controlling interests	(1)	(1)
Net cash used in financing activities	<u>15</u>	<u>356</u>
Currency translation adjustments	<u>(102)</u>	<u>(32)</u>
Net increase/(decrease) in cash and cash equivalents	(6,096)	(3,369)
Cash and cash equivalents at beginning of the financial period	<u>22,396</u>	<u>27,143</u>
Cash and cash equivalents at end of the financial period	<u>16,299</u>	<u>23,774</u>

Balance Sheet of the Bank (Unaudited)

	Mar-12	Dec-11 ¹	Mar-11
	\$m	\$m	\$m
Equity			
Share capital	4,413	4,422	3,854
Retained earnings	7,363	6,895	6,805
Other reserves	9,201	8,965	8,875
Total	20,977	20,282	19,534
Liabilities			
Deposits and balances of banks	17,519	18,427	30,221
Deposits and balances of non-bank customers	127,925	128,907	115,451
Deposits and balances of subsidiaries	6,134	6,873	2,013
Bills and drafts payable	238	273	372
Other liabilities	7,329	8,639	8,586
Debts issued	7,534	6,424	6,146
Total	166,679	169,543	162,789
Total equity and liabilities	187,656	189,825	182,323
Assets			
Cash, balances and placements with central banks	14,972	16,278	20,386
Singapore Government treasury bills and securities	7,958	9,649	11,849
Other government treasury bills and securities	7,537	4,205	10,407
Trading securities	134	168	179
Placements and balances with banks	12,530	15,989	9,799
Loans to non-bank customers	108,909	105,850	91,460
Placements with and advances to subsidiaries	5,165	5,693	4,379
Investment securities	11,735	12,803	14,671
Other assets	8,163	8,656	8,709
Investment in associates	369	369	371
Investment in subsidiaries	4,762	4,763	4,757
Investment properties	1,448	1,458	1,423
Fixed assets	791	761	750
Intangible assets	3,182	3,182	3,182
Total	187,656	189,825	182,323
Off-balance sheet items			
Contingent liabilities	13,097	12,160	14,272
Financial derivatives	308,003	304,180	281,295
Commitments	40,226	41,174	38,803
Net asset value per ordinary share (\$)	12.49	12.04	11.81

Note:

1 Audited.

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2012	4,422	6,895	8,965	20,282
Profit for the financial period	-	501	-	501
Other comprehensive income for the financial period	-	-	230	230
Total comprehensive income for the financial period	-	501	230	731
Dividends	-	(33)	-	(33)
Share buyback - held in treasury	(11)	-	-	(11)
Share-based compensation	-	-	8	8
Issue of treasury shares under share-based compensation plans	2	-	(2)	-
Balance at 31 March 2012	4,413	7,363	9,201	20,977
Balance at 1 January 2011	3,854	6,363	8,730	18,947
Profit for the financial period	-	475	-	475
Other comprehensive income for the financial period	-	-	135	135
Total comprehensive income for the financial period	-	475	135	610
Dividends	-	(33)	-	(33)
Share-based compensation	-	-	9	9
Issue of treasury shares under share-based compensation plans	0	-	(0)	-
Balance at 31 March 2011	3,854	6,805	8,875	19,534